

m/047/013

ZIEGLER CHEMICAL & MINERAL CORP.

LITTLE BONANZA OPERATIONS

STAR ROUTE, VERNAL, UTAH 84078

Telephone: (435) 789-3593 Fax: (435) 789-3595

May 26, 2004

Mr. James F. Kohler
Chief, Solid Minerals Branch
U.S. Department of the Interior
Bureau of Land Management
P.O. Box 45155
Salt Lake City, Utah 84145-0155

RE: MODIFICATION OF DRILL PLAN FOR GILSONITE LEASE U-0115850

Dear Mr. Kohler,

Ziegler Chemical & Mineral Corp. proposes to modify our present Drill Plan for Gilsonite Lease U-0115850 to provide for the angle drilling of the Cowboy Vein outside of the present corridors. The Gilsonite vein 255 feet below the surface has dwindled to a sliver in the Cowboy South Vein #1 shaft. ZCMC needs to drill in order to find the vein and to establish continued mining viability of this lease. The drilling is necessary to find the vein at depth.

ZCMC would like to drill at four sites that are within federal lease U-0115850. Three of the sites are approximately 400 feet to the north of the South Cowboy Vein, while the fourth site is approximately 250 to the north. All of these sites are located on two-track roads that have been used to access the area. These same two-track roads will provide access to the drilling. ZCMC proposes to drill up to four angle holes in the roadway at each of these four proposed sites; for a possible total of 16 holes angle drilled into the Cowboy South Vein. (See figure 1, page 4) The angle holes will be logged after drilling to determine deviation of the drill hole and density of the strata surrounding each drill hole.

GPS coordinates for each of the sites are as follows:

| | | |
|---------|------------------------------|--------------------|
| Site #1 | N 40° 04.170' W 109° 12.185' | (figure 2, page 4) |
| Site #2 | N 40° 04.121' W 109° 12.076' | (figure 3, page 6) |
| Site #3 | N 40° 04.244' W 109° 12.451' | (figure 4, page 7) |
| Site #4 | N 40° 04.273' W 109° 12.538' | (figure 5, page 8) |

The vertical depth of these holes will range from 300 to 600 feet. The angle of the holes will be from 35 degrees to 65 degrees. (figure 6, page 9; and figure 7, page 10)

ZCMC will not need to develop drill pads, whereas the drilling will be in the roadway by rubber tired vehicles. By drilling in this fashion, reclamation will be greatly reduced.

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DIV. OF OIL, GAS & MINING

Drilling will be done from a truck mounted drill capable of boring 3 inch to 4 inch holes. A trailer mounted air compressor will be used in the drilling process. If it becomes necessary fresh water and bentonite clay will be used to help with the drilling process.

After the drill holes have been logged and surveyed they will be plugged with cement. This cement plug will extend from 5 feet below surface to 10 feet below ground level. Top soil will be used to fill in the top 5 feet of each drill hole. (figure 8, page 11)

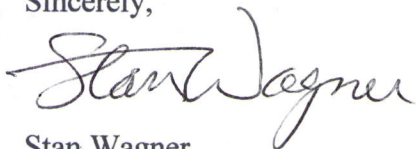
If groundwater is encountered during drilling operations in quantities greater than 5 gallons per hour during mining operations, the lessee/operator shall contact the Utah State Office Mining Engineer (801-539-4036) and the Vernal Field Office Hydrologist or Geologist (435-781-4400) within 24 hours of the encounter and report on the following:

- 1) True vertical encountered depth
- 2) Subsurface location at which it was encountered
- 3) The approximate flow rate into the mine
- 4) Association of flow with any major geologic feature such as a fault or fracture surface.

No hazardous materials would be used during the exploration of this lease other than gasoline, motor oil, battery acid, and antifreeze in vehicles; and grease for lubrication of equipment. All of these substances would be handled in compliance with existing regulations. Less than 10,000 pounds of any chemical(s) from the Environmental Protection Agency's (EPA's) *Consolidation List of Chemicals Subject to Reporting Under Title III of the Superfund Amendments and Reauthorization Act (SARA) of 1996* and less than the Threshold Planning Quantity (TPQ) of any extremely hazardous substance(s), as defined in 40 C.F.R. 355, would be used, produced, transported, stored, or disposed of annually in association with the Proposed Action.

Ziegler Chemical & Mineral Corp. is prepared to begin drilling July 1, 2004. We anticipate being done with this project by the end of September 2004.

Sincerely,



Stan Wagner
Mine Superintendent

SJW

Enclosures: Figure #1, map of the Cowboy area
Figures #2,3,4, and 5 are photos of proposed drill sites
Figures #6 and 7 are charts showing proposed drill angles
Figure #8 shows drawing of cement plugs we use for drill holes

cc: Gordon Ziegler Jr., President, Ziegler Chemical & Mineral Corp.
Jim Paulson, Ziegler, Vice-President Chemical & Mineral Corp.
Gayle McKeachnie, Esq., McKeachnie, Allred, McClellan & Trotter, P.C.
D. Wayne Hedberg, DOGM, Permit Supervisor, State of Utah
Stan Perks, B.L.M., Mining Engineer, Salt Lake City Office
Pete Sokolosky, B.L.M., Solid Minerals Geologist, Vernal Utah Office

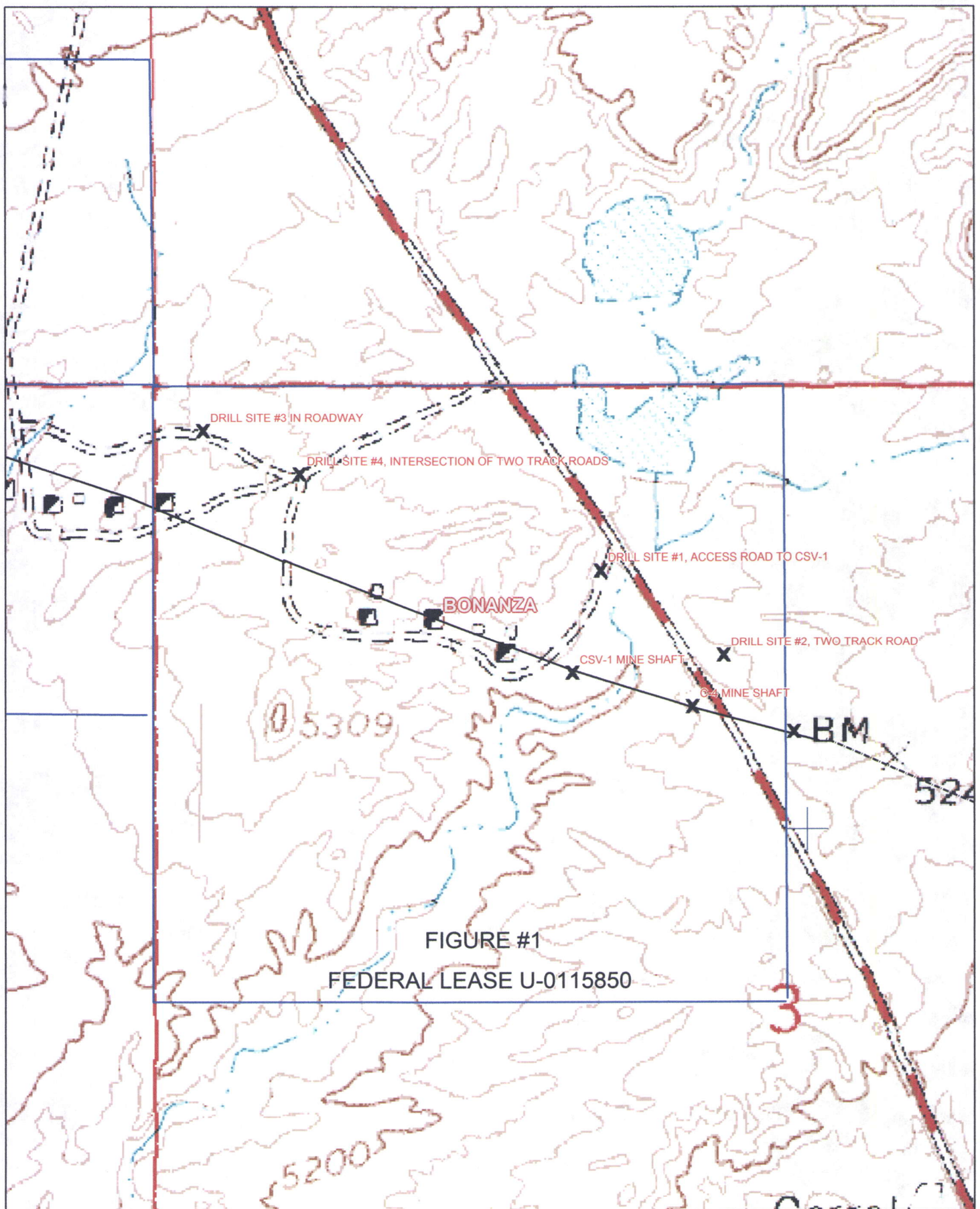


FIGURE #1
FEDERAL LEASE U-0115850

Figure #2
Drill Site #1
(Looking south towards the CSV-1 mine)

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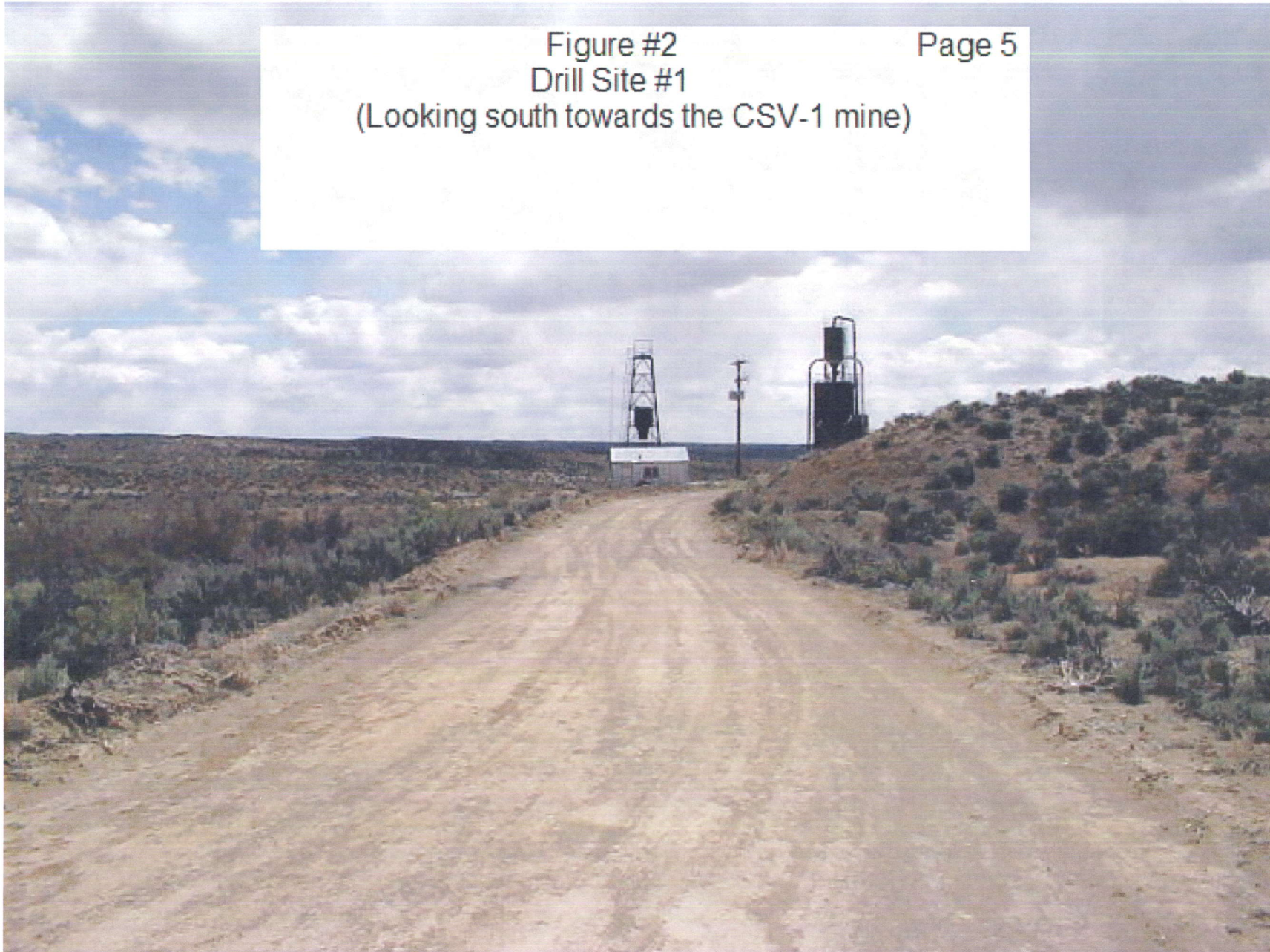


Figure #3
Drill Site #2

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(looking south towards the C-4 shaft, by the pick-up)



Figure #4
Drill Site #3
(looking south)

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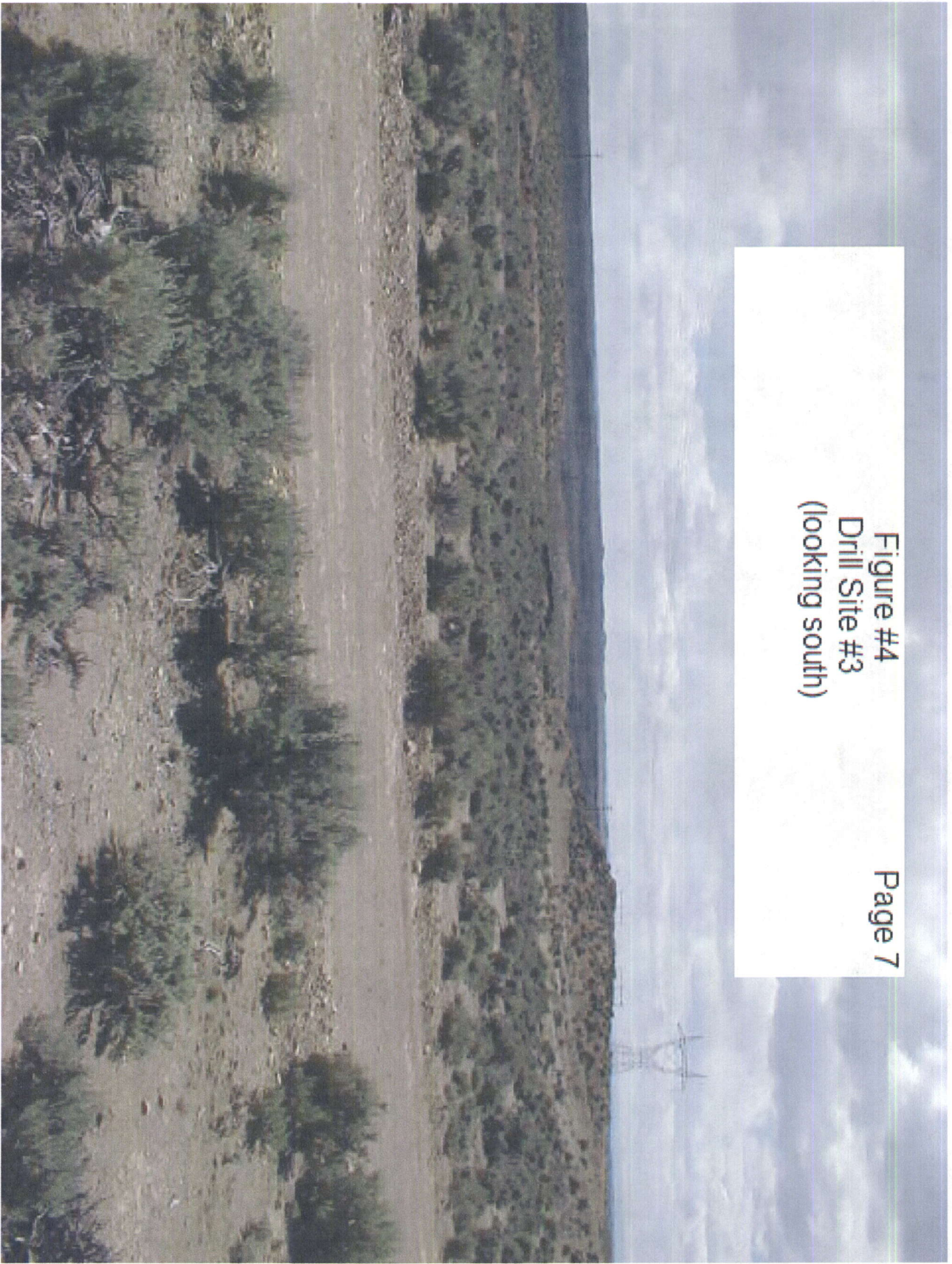


Figure #5
Drill Site #4
(looking south)

Page 8

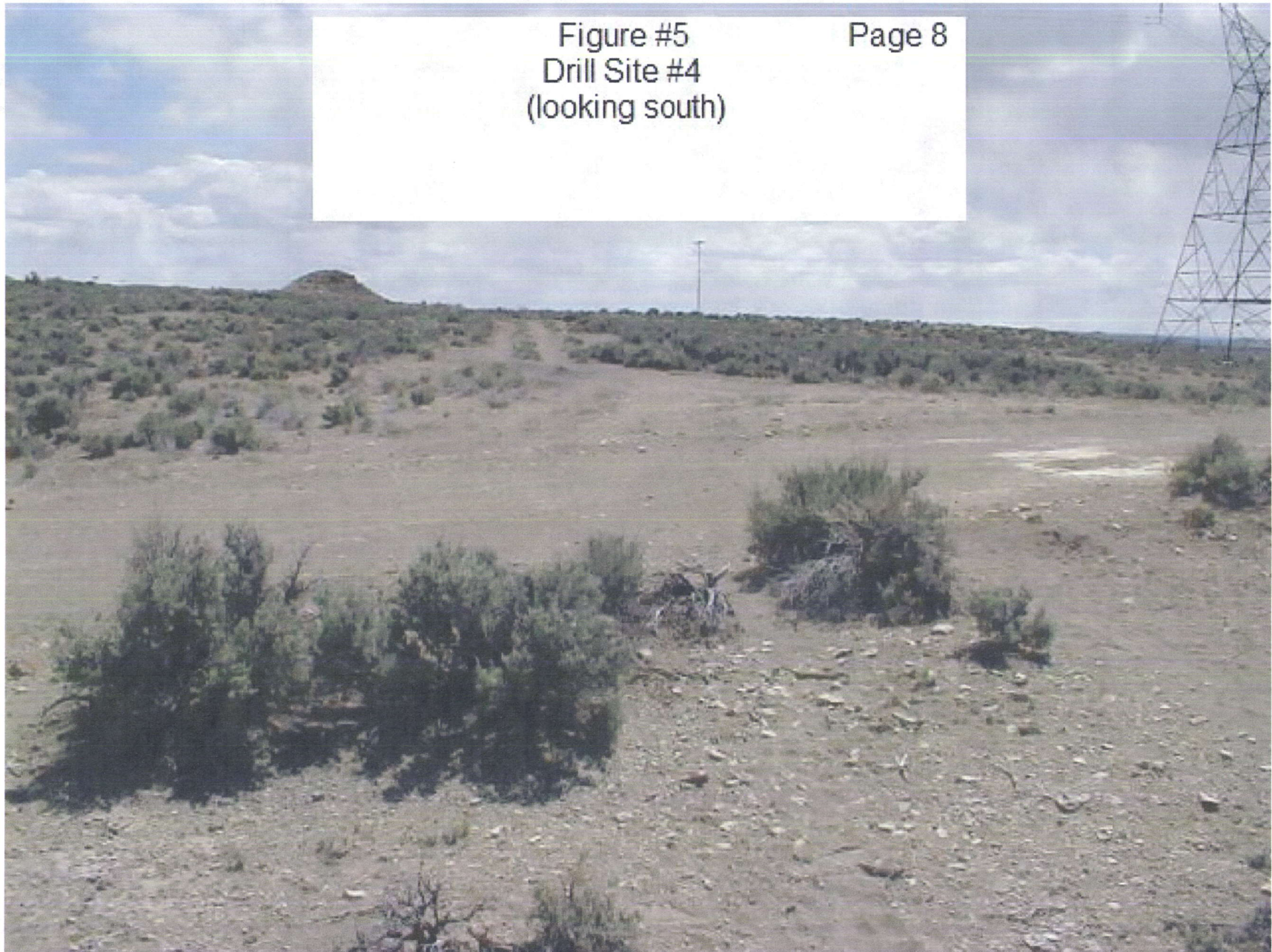
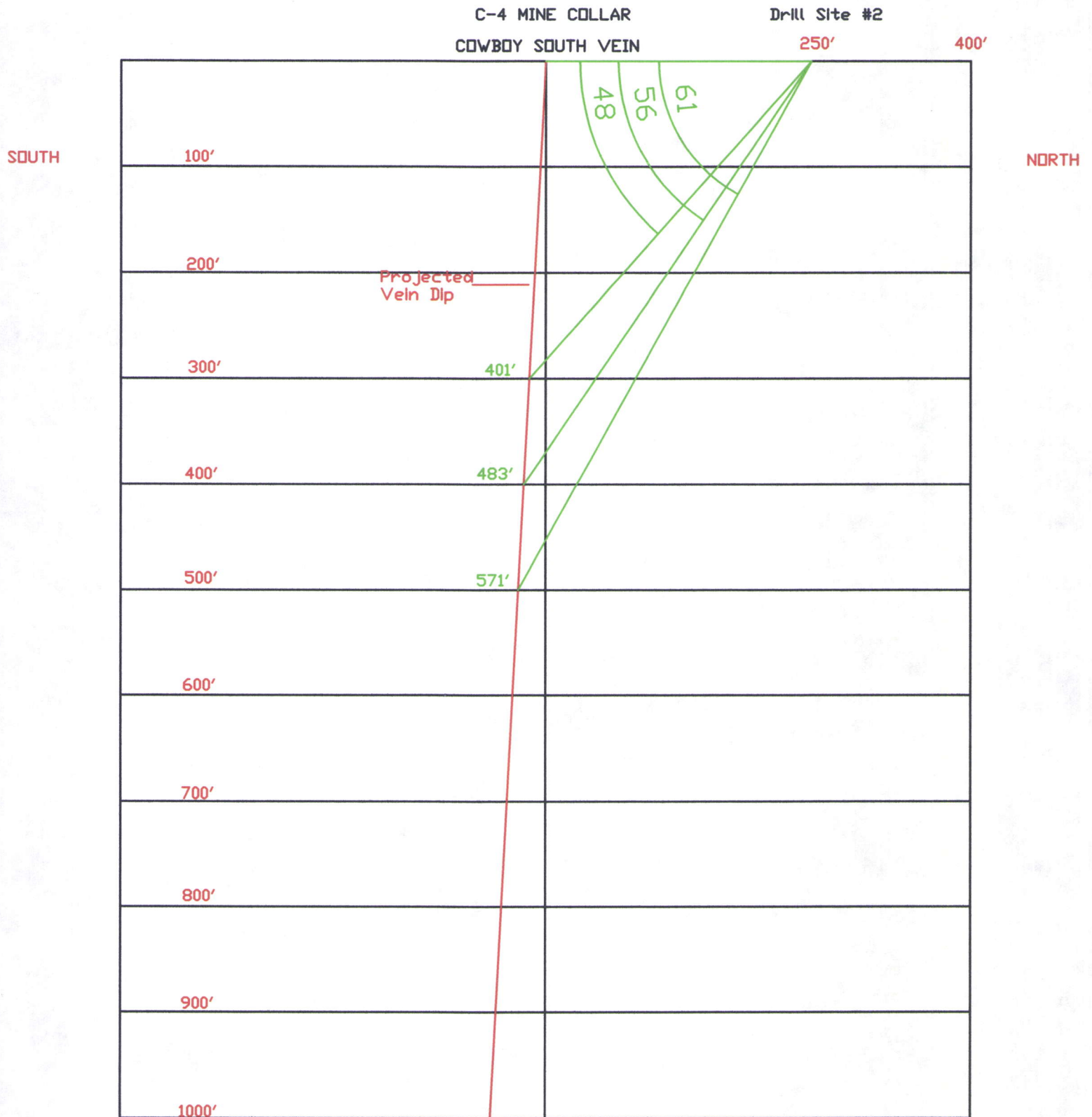


Figure #6 Page 9



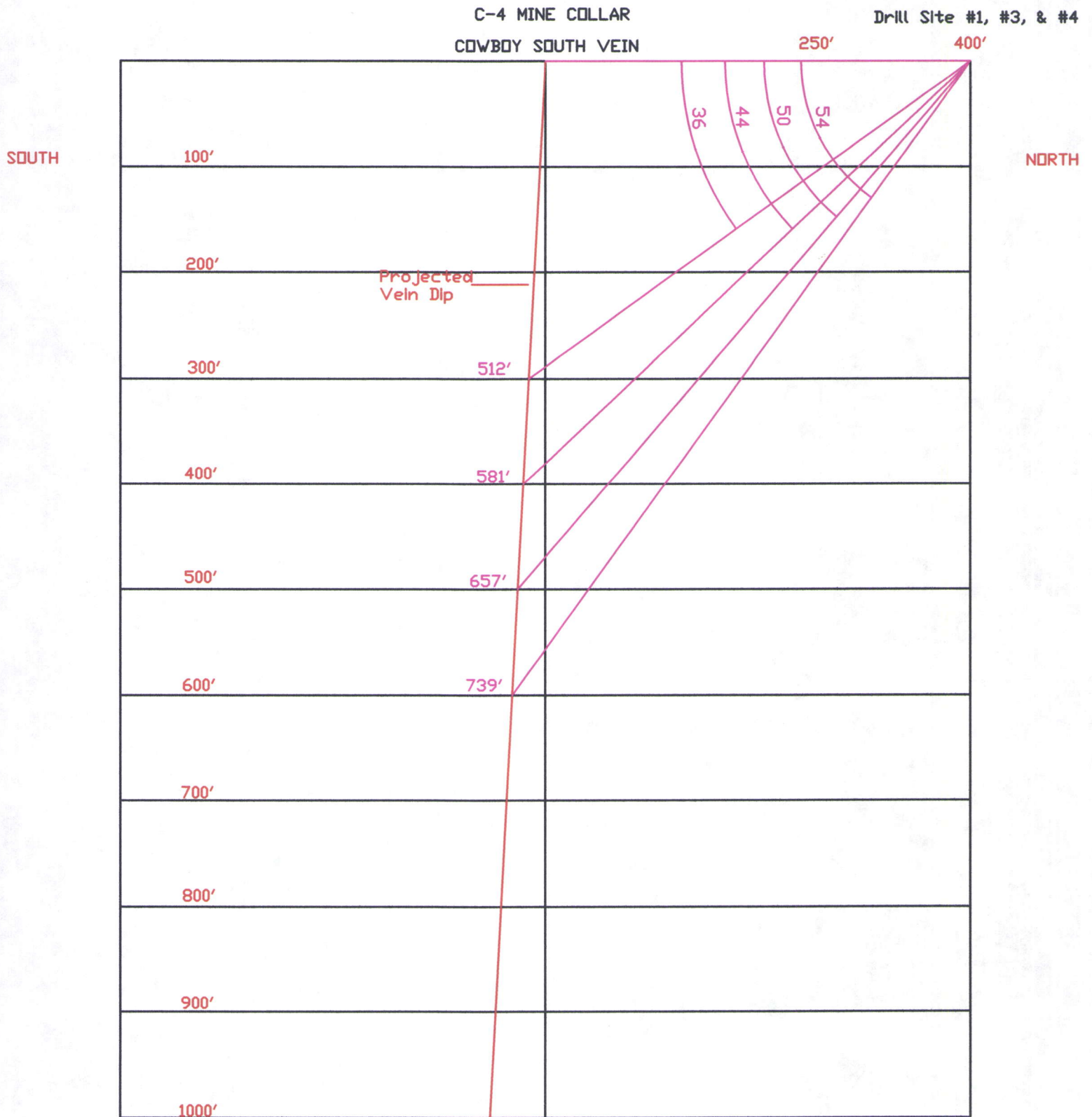


Figure #8

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CEMENT PLUG

